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DEPARTMENT OF TRANSPORTATION

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DOCKET SECTION

November 27, 1998

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**The Honorable Rodney Slater
Secretary of Transportation
US Department of Transportation
400 Seventh Street, SW
Washington, DC 20590**

Dear Mr. Slater,

I am forwarding to you a copy of a letter I have sent to our Congressional delegation. I am greatly distressed at the impunity with which the airlines continue to attack the travel agency community. Their actions may or may not be a monopoly under the provisions of anti-trust laws, but they are monopoly in fact and in effect.

We need your help. Thanks.

Sincerely,



**Alan H. Hess
President**

November 27, 1998

The Honorable Robert Bennett
Senate Office Building
Washington, D.C. 20510

Dear Senator Bennett,

I am writing to you as a constituent and as an owner of a travel agency.

I am deeply concerned about the recent decision of major US airlines to cap commissions at \$100 on international airfares, which is just one more step in the airlines' all-out assault to drive the travel agent from the marketplace. By forcing us out of business, consumers will have no choice but to deal directly with the airlines, through 800 numbers and the internet. Ultimately the consumer will pay more for air travel. A recent "20/20" television program clearly demonstrated that the airlines' complicated faring scheme costs the consumer more money in almost every circumstance in which there is no third-party advocate (travel agent).

Upper management personnel of the various airlines do not need to meet secretly in some sleazy diner in order to make monopolistic plans. They can do so openly through the media and through computer reservation systems. They have learned to abide by the letter of the anti-trust law, while slaughtering its spirit. In commission cuts and caps since 1995, they have discovered their monopolistic power and have decided to use it. It is more than coincidence that within days of all previous actions, virtually all domestic airlines have adopted identical commission policies.

The airlines are working hard to force the traveling public to deal directly with them. They do not want the public to have unbiased information on airfares. Travel agencies are the only practical source of unbiased comparative fare information. The airlines' new commission policy raises more concerns regarding lack of competition in today's marketplace, with its fortress hub system and airline control over computer reservation systems. The question we are all asking is: What is next in the airlines' war on the public's sole travel advocate?

Please write the Secretary of Transportation and the Attorney General, asking them to prevent the airlines from advancing their own greed, at the expense of the travel agency community and the traveling public.

Sincerely,

Alan H. Hess
President

If airlines sold paint

Buying paint from a hardware store . . .

Customer: Hi. How much is your paint?
Clerk: We have regular quality for \$12 a gallon and premium for \$ 18. How many gallons would you like?
Customer: Five gallons of regular quality, please.
Clerk: Great. That will be \$60 plus tax.

... From an airline

Customer: Hi, how much is your paint?
Clerk: Well, sir, that all depends.
Customer: Depends on what?
Clerk: Actually, a lot of things.
Customer: How about giving me an average price?
Clerk: Wow, that's too hard a question. The lowest price is \$9 a gallon, and we have 150 different prices up to \$200 a gallon.
Customer: What's the difference in the paint?
Clerk: Oh, there isn't any difference: it's all the same paint.
Customer: Well, then, I'd like some of that \$9 paint.
Clerk: Well, first I need to ask you a few questions. When do you intend to use it?
Customer: I want to paint tomorrow, on my day off.
Clerk: Sir, the paint for tomorrow is the \$200 paint.
Customer: What? When would I have to paint in order to get the \$9 version?
Clerk: That would be in three weeks, but you will also have to agree to start painting before Friday of that week and continue painting until at least Sunday.
Customer: You've got to be kidding!
Clerk: Sir, we don't kid around here. Of course, I'll have to check to see if we have any of that paint available before I can sell it to you.
Customer: What do you mean check to see if you can sell it to me? You

have shelves full of that stuff; I can see it right there.
Clerk: Just because you can see it doesn't mean that we have it. It may be the same paint, but we sell only a certain number of gallons on any given weekend. Oh, and by the way, the price just went to \$12.
Customer: You mean the price went up while we were talking!
Clerk: Yes, sir. You see, we change prices and rules thousands of times a day, and since you haven't actually walked out of the store with your paint yet, we just decided to change. Unless you want the same thing to happen again, I would suggest that you get on with your purchase. How many gallons do you want?



Customer: I don't know exactly. Maybe five gallons. Maybe I should buy six gallons just to make sure I have enough.
Clerk: Oh, no, sir, you can't do that. If you buy the paint and then don't use it, you will be liable for penalties and possible confiscation of the paint you already have.
Customer: What?
Clerk: That's right. We can sell you enough paint to do your kitchen, bathroom, hall and north bedroom, but if you stop painting before you do the bedroom, you will be in violation of our tariffs.
Customer: Rut what does it matter to you whether I use all the paint? I already paid you for it!
Clerk: Sir, there's no point in getting upset; that's just the way it is. We make plans based upon the idea that you will use all the paint, and when you don't, it just causes us all sorts of problems.
Customer: This is crazy! I suppose something terrible will happen if I don't keep painting until after Saturday night!
Clerk: Yes, sir, it will.
Customer: Well, that does it! I'm going somewhere else to buy my paint.
Clerk: That won't do you any good sir. We all have the same rules. Thanks for flying — I mean painting — with our airline.

By Al Hess

INDUSTRY FUN

Agency owner is satirist, too

What made Al Hess write "If airlines sold paint," the airline-skewering piece above? "Every once in a while I have a satirical idea that I'll use to make a humorous point," he said. "One night I was in bed and the whole absurdity of the way airlines operated just struck me. I think I actually got up and wrote it in the middle of the night."
Hess, owner of American International Travel/American Express in Bountiful, Utah, said he's used the piece in informal presenta-

tions with corporate clients to show them "why things are so weird in the travel business."
Still, he noted, "It's actually funnier to people in the business, who know just how strong airline rules are."
"If you're in the industry, you realize that the airlines do what they do for yield management purposes, but it creates some odd situations."
"When you put [these rules] in the context of another product, then you see how weird they really are."

Hess recently shared the piece with his fellow members of the agency group Travel Agency Management Services.
"It's not going to change anything, but at least we're going to laugh a little bit. "Sometimes humor makes a point that can't be made otherwise."

By Phyllis Fine

